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Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

Federal Communications Commission  
Office of Secretary

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In the Matter of )  
Changes to the Board of )  
Directors of the National Exchange )  
Carrier Association, Inc. )

Public Notice re:  
CC Docket No. 97 - 21

COMMENTS OF  
AMERICAN LIBRARY ASSOCIATION  
ON NOTICE OF PROPOSED RULEMAKING AND NOTICE  
January 10, 1997

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Federal Communications Commission  
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Submitted,  
January 27, 1997

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## **1 General Comments**

The American Library Association (ALA) respectfully submits its comments on the above referenced proceeding regarding changes to the Board of Directors of the National Exchange Carrier Association, Inc. The American Library Association, founded in 1876, is the oldest and largest library association in the world. With a membership of more than 57,000 librarians, library trustees, library educators, friends of libraries, and other interested persons from every state, ALA is the chief advocate for the people of the United States in their search for the highest quality of library and information services. ALA's concerns span all types of libraries: state, public, school, academic, and special libraries, many of which will be recipients of the universal service support currently being established in a separate proceeding, CC Docket 96-45. ALA has been an active participant in this proceeding, filing in all three rounds of public comments during the Federal-State Joint Board on Universal Service (Joint Board) deliberations as well as on the subsequent comments and reply comments on the Joint Board's Recommended Decision (Recommended Decision) adopted on November 7, 1996. ALA files these comments because of the importance to libraries and the communities they serve of having a neutral and impartial interim fund administrator in time to have discounted telecommunications services available for the beginning of the 1997-1998 school year as was recommended by the Joint Board.<sup>1</sup>

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<sup>1</sup>Federal-State Joint Board on Universal Service Recommended Decision, November 7, 1996 at 630.

## **2 Principles**

ALA has supported the Joint Board's recommendation that discounted telecommunications services be available for the beginning of the 1997-1998 school year in its filings on Docket CC 96-45<sup>2</sup>. ALA recognizes that in order for such a timetable to be successfully met, any interim fund administrator must pass two broad tests. First, it must have experience in managing and collecting for a fund of the size recommended by the Joint Board. Second, it must be a neutral and impartial party to all entities affected by universal service, both the contributors to the fund as well as recipients of the discounted services.

Because of the speed with which the Joint Board has recommended that discounted services be made available to libraries and schools, ALA would support appointing an interim administrator that has experience in managing a fund such as was recommended by the Joint Board, if such an interim administrator could be found that was also neutral and impartial. Because an interim administrator would need to be operational in a relatively short time frame, the Commission should seek out an administrator that, as was referred to in paragraph 6 of the NPRM, has the ability and experience to deal with large-scale information processing and database capabilities, as well as an ability to calculate accurately the proper amount of each carrier's contribution and to apply carrier eligibility criteria consistently. The interim administrator would ideally have experience in dealing not just with telecommunications providers, but also with recipients of discounted telecommunications services, such as schools

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<sup>2</sup>ALA Comments on Joint Board Recommended Decision, December 19, 1996 at 15.

and libraries. At the very least, any potential interim administrator should be required to demonstrate a commitment to working with and dealing with recipients of discounted telecommunications services.

With respect to neutrality and impartiality any potential interim administrator should have to meet the criteria developed in the Recommended Decision, namely that the fund administrator, including its Board of Directors (1) be neutral and impartial; (2) not advocate specific positions to the Commission in non-administration-related proceedings; (3) not be aligned or associated with any particular industry segment; and (4) not have a direct financial interest in the support mechanisms established by the Commission<sup>3</sup>.

### 3 Board of Directors

ALA only partially agrees with the statement in paragraph 2 of the NPRM in which it is tentatively concluded that "in order to be eligible to serve as the temporary administrator, NECA's Board of Directors must become more representative of the telecommunications industry as a whole." As the NPRM notes further on in paragraph 11, "other entities are likely to be affected under the Commission's universal service rules, either as contributors to universal service funds, providers of universal service, or **recipients of discounted services**" (emphasis added), which would include libraries and schools. The Joint Board's Recommended Decision notes several instances in which the fund administrator would have significant impact on libraries and schools: the fund administrator would be the required receiver and dissemination of

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<sup>3</sup>Federal-State Joint Board on Universal Service Recommended Decision, November 7, 1996 at 830.

information on services sought<sup>4</sup>; the auditor of self-certification from libraries and schools<sup>5</sup>; and in the development of reporting information to advise on the progress schools and libraries are making in obtaining access to telecommunications and other information services.<sup>6</sup> Because of this interaction, and in order to establish credibility and confidence in the universal service system, NECA, or any other interim fund administrator, must have a board that represents not just the telecommunications industry, but also those who are the recipients of discounted services under universal service.

ALA therefore supports the notion that NECA, if it is to be considered an interim fund administrator, be required to add to its Board additional directors representing non-LEC carriers and recipients of discounted services. ALA also supports the removal of any regulatory barriers to NECA's rendering itself a neutral third party.

Paragraph 13 of the NPRM states that the proposed six new directors, three representing non-incumbent LEC participants and three representing support beneficiaries of universal service policies such as libraries and schools, would have their scope of authority limited "to administration of the new universal service support mechanisms and general Board oversight of auditing and finance matters." It is unclear whether this scope is intended to include such things as the timeliness in which requests for services are posted by the fund administrator or the

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<sup>4</sup>Federal-State Joint Board on Universal Service Recommended Decision, November 7, 1996 at paragraph 539

<sup>5</sup>Id. at paragraph 605

<sup>6</sup>Id.

reporting of information in order to evaluate the efficacy of the program. ALA recommends that the scope of authority being considered for all directors be more explicitly stated so that ALA and other interested parties may better evaluate the proposed governance structure. ALA also notes that the Commission and state commissions also have important roles to play in the appeal of interstate and intrastate rates respectively<sup>7</sup> and that the interactions by support beneficiaries with the fund administrator, the Commission, and the state commissions be made as explicit and clear as possible. Interactions with the fund administrator should also allow for appeals to the Board of Directors and the Commission of any actions taken by the fund administrator.

Should the Commission decide on NECA as the interim fund administrator, ALA recommends that the Commission require NECA to restructure its board of directors so that there is at least a one-third public representation and one-third non-incumbent LEC carrier representation. ALA recommends that this be the structure for any fund administrator board. The non-LEC carriers representation would include competitive access providers, interexchange carriers, local exchange entrants, or wireless providers. The public representation would come from each of the groups for which universal service support was intended, i.e., consumers, libraries, schools, and rural health care providers. Appropriate national organizations, such as ALA and others, should be allowed to nominate directors to the board of any interim or permanent fund administrator.

As was noted by the Joint Board, NECA's current composition and past filings make it

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<sup>7</sup>Id. at paragraph 546.

difficult for the wider community for whom universal service support is intended to have confidence in the neutrality and impartiality of NECA, even as an interim fund administrator. Thus, it is important that the Commission should ensure that adequate representation of these groups' interests and concerns are present on the universal service advisory board and are manifest in the policies and procedures of both the temporary and permanent fund administrator. A related issue is the unfamiliarity by most of the library and school community with procedures related to rate regulation and fund administration. ALA believes that outreach and education in these areas can help smooth the transition process towards implementation of the Joint Board Recommended Decision and ALA offers its assistance in these efforts.

Respectfully submitted,  
AMERICAN LIBRARY ASSOCIATION

By: Carol C. Henderson  
Carol C. Henderson  
Executive Director, ALA Washington Office  
1301 Pennsylvania Avenue, NW Suite 403  
Washington, DC 20004  
202/628-8410

January 27, 1997